



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LIVINGSTON COUNTY  
SHERIFF'S SETTLEMENT - 2000 TAXES**

**July 19, 2001**

**EDWARD B. HATCHETT, JR.  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**LIVINGSTON COUNTY**  
**SHERIFF'S SETTLEMENT - 2000 TAXES**

**July 19, 2001**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2000 Taxes for Livingston County Sheriff as of July 19, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$2,759,449 for the districts for 2000 taxes. The Sheriff distributed taxes of \$2,647,700 to the districts for 2000 Taxes. Taxes of \$221 are due to the districts from the Sheriff.

**Deposits:**

The sheriff's deposits were insured and collateralized by bank securities or bonds.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flannery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Joe Ward, Livingston County Judge/Executive  
Honorable Tommy Williams, Livingston County Sheriff  
Members of the Livingston County Fiscal Court

Independent Auditor's Report

We have audited the Livingston County Sheriff's Settlement - 2000 Taxes as of July 19, 2001. This tax settlement is the responsibility of the Livingston County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Livingston County Sheriff's taxes charged, credited, and paid as of July 19, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flannery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Joe Ward, Livingston County Judge/Executive  
Honorable Tommy Williams, Livingston County Sheriff  
Members of the Livingston County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 2, 2002



LIVINGSTON COUNTY  
TOMMY WILLIAMS, SHERIFF  
SHERIFF'S SETTLEMENT - 2000 TAXES

July 19, 2001

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 309,401	\$ 365,485	\$ 975,002	\$ 366,600
Tangible Personal Property	62,735	53,772	121,904	147,181
Intangible Personal Property				35,198
Fire Protection	1,907			
Taxes Increased Through Erroneous Assessments	109	125	273	74
Omitted Taxes	46	55	145	55
Franchise Corporation	105,912	78,864	218,521	
Additional Billings	980	586	3,047	1,146
Limestone, Sand, and Mineral Reserves	2,239	1,355	7,057	2,653
Penalties	3,256	3,620	9,826	4,068
Adjusted to Sheriff's Receipt	333	153	662	27
Gross Chargeable to Sheriff	<u>\$ 486,918</u>	<u>\$ 504,015</u>	<u>\$ 1,336,437</u>	<u>\$ 557,002</u>
<u>Credits</u>				
Exonerations	\$ 3,599	\$ 4,330	\$ 11,230	\$ 4,184
Discounts	5,817	6,342	16,629	8,471
Delinquents:				
Real Estate	7,413	9,064	23,336	8,774
Tangible Personal Property	239	187	477	215
Limestone, Sand, and Mineral Reserves	106	64	335	126
Uncollected Franchise	3,749	2,572	7,664	
Total Credits	<u>\$ 20,923</u>	<u>\$ 22,559</u>	<u>\$ 59,671</u>	<u>\$ 21,770</u>
Net Tax Yield	\$ 465,995	\$ 481,456	\$ 1,276,766	\$ 535,232
Less: Commissions *	20,092	12,968	51,071	23,035
Net Taxes Due	\$ 445,903	\$ 468,488	\$ 1,225,695	\$ 512,197
Taxes Paid	445,206	467,895	1,223,876	510,723
Refunds (Current and Prior Year)	667	523	1,727	1,445
Due Districts as of		**		
Completion of Fieldwork	<u>\$ 30</u>	<u>\$ 70</u>	<u>\$ 92</u>	<u>\$ 29</u>

\* and \*\* see page 4

LIVINGSTON COUNTY  
 TOMMY WILLIAMS, SHERIFF  
 SHERIFF'S SETTLEMENT - 2000 TAXES  
 July 19, 2001  
 (Continued)

10% on	\$	10,000
4.25% on	\$	1,242,109
4% on	\$	1,276,766
1% on	\$	230,572

\*\* Special Taxing Districts:

Health District	\$	5
Extension District		10
Soil Conservation District		4
Grand Lakes Fire District		30
Ledbetter Fire District		18
Burna Fire District		<u>3</u>
Due Districts	\$	<u><u>70</u></u>

The accompanying notes are an integral part of the financial statement.

LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENT

July 19, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of July 19, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
July 19, 2001  
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 12, 2000 through April 30, 2001.

Note 4. Interest Income

The Livingston County Sheriff earned \$2,626 as interest income on 2000 taxes. As of May 2, 2002, the Sheriff owes \$484 in interest to the school district and \$586 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Livingston County Sheriff collected \$14,841 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

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**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Livingston County Sheriff's Settlement - 2000 Taxes as of July 19, 2001, and have issued our report thereon dated May 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Livingston County Sheriff's Settlement - 2000 Taxes as of July 19, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Livingston County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report on Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 2, 2002



